FREQUENTLY ASKED QUESTIONS
ABOUT PROPERTY TAXATION

GENERAL QUESTIONS

What is the Homestead Exemption?

A Homestead Exemption provides partial tax relief to homeowners that are over 65 years of age or totally disabled. To find out if you meet the qualifications for a Homestead Exemption contact the Property Valuation Administrator in the county in which you reside. The exemption amount is adjusted every two years. It is $34,000 for 2011-2012.

Link to Kentucky Constitution, Section 170: http://www.lrc.ky.gov/legresou/constitu/170.htm

Link to Kentucky Revised Statute (KRS), 132.810: http://www.lrc.ky.gov/KRS/132-00/810.PDF

What if I did not receive my property tax bill?

Property tax bills are normally mailed no earlier than October 1 each year, and become delinquent after December 31. You should contact the Sheriff's Office in the county in which the property is located. If you have changed your address or purchased a new property the tax bill could have been sent to the January 1 owner of the property.

Who should I notify of an address change to ensure I receive my property tax bill(s)?

The Property Valuation Administrator (PVA) in your county is the primary contact for any address changes.

APPEALING YOUR PROPERTY'S ASSESSED VALUE

I received an assessment notice from my property valuation administrator and I believe the assessed value of my property is too high. What do I need to do?

The first step in the assessment appeals process is to schedule a conference with the property valuation administrator or an authorized deputy. At the conference you should come prepared with documentation which supports your value. If you and the property valuation administrator can reach an agreement on the property's value during the conference, nothing further needs to be done. If no agreement is reached, then you have the option of filing an appeal with the local board of assessment appeals. This appeal is filed in the county clerk's office and must be received by the county clerk as of the close of business one work day following the close of the tax roll inspection period.

(See the next question for more information about the tax roll inspection period.) You and the property valuation administrator will be required to present evidence in support of your values and the local board will issue its opinion of the property's value. Either party may then continue the appeal process with the Kentucky Board of Tax Appeals.

Link to KRS: http://www.lrc.ky.gov/krs/133%2D00/045.pdf

What is the tax roll inspection period that is referred to in the assessment notice I received from the property valuation administrator?

The tax roll inspection period is the timeframe each year during which property owners may appeal their assessments to the property valuation administrator's office. Typically, this time period starts on the first Monday in May, runs for six days per week for two weeks and concludes on the third Monday in May. The actual dates for a county's inspection period may be later than this schedule and they are required to be advertised in the local newspaper and the dates may be included on the assessment notice you received from the property valuation administrator.

Link to KRS: http://www.lrc.ky.gov/krs/133%2D00/045.pdf

I just received my tax bill and now I believe my assessment is too high. How do I contest this value?

By the time you receive your property tax bill in the fall of each year, it is too late to protest the assessment of your property. An adjustment can be made if it is discovered that a clerical or mathematical error has been made and you can check with your local property valuation administrator to ensure that this has not occurred.
If no error has been made, no adjustment can be made for the current year. If you continue to believe your property's assessed value is too high, you can follow the conference and appeal process outlined in the above questions and answers next year.

Link to KRS: http://www.lrc.ky.gov/KRS/133-00/110.PDF

DELINQUENT PROPERTY TAX BILLS PURCHASED BY THIRD PARTY

If a third party has purchased my delinquent tax bill and I am having difficultly getting in contacting them to pay off my bill what can I do?

In accordance with KRS 134.127 a person who is having difficulty locating a third-party purchaser of the certificate of delinquency to make payment may send a registered letter addressed to the third-party purchaser of record at the address reflected in the most recent notice received from the third-party purchaser, or if no notice has been received, at the address reflected in the records of the county clerk, indicating a desire to make payment. If the letter is returned by mail unclaimed, or if the third-party purchaser fails to respond in writing within thirty (30) days, the sender may take to the county clerk as proof of mailing the certified mail receipts stamped by the post office showing that the certified letter was mailed to the correct address and the date it was mailed. If the letter was returned, the sender shall also provide the returned letter to the clerk. The sender shall attest under oath that the letter was mailed to the correct address, and if the letter was not returned, the attestation shall also provide that the third-party purchaser did not respond in writing within thirty days of the date the letter was mailed. The person may then pay the full amount due as reflected in the records maintained by the county clerk plus applicable interest, and the county clerk shall make the necessary assignment or release of the certificate of delinquency.

Link to KRS: http://www.lrc.ky.gov/KRS/134-00/127.PDF

What statute(s) explain the 3rd Party Purchaser requirements and limitations of fees and collection amounts?

KRS 134.452 – explains the fees and collection limitations of the third party purchaser. KRS 134.490 – explains the actions required by the owner of a Certificate of Delinquency.

Link to Kentucky Revised Statues, Chapter 134: http://lrc.ky.gov/KRS/134-00

If the State Finance Cabinet has purchased my tax bill what do I need to do?

You should contact the county clerk in the county where the tax bill was purchased to receive a current pay off amount. You can then make the appropriate payment to the county clerk's office.

MOTOR VECHICLE/BOAT PROPERTY TAX

Who is responsible for assessing the value of my vehicle?

The Property Valuation Administrator of the county in which the vehicle is located is responsible for the assessment of the value.

How is the value of my vehicle determined?

The standard value of motor vehicles is the January 1, trade-in value established by industry standard guides, provided to Property Valuation Administrators by the Kentucky Department of Revenue.

What if I feel the value of my vehicle is not correct?

To adjust the value you will need to contact your local Property Valuation Administrator. Some reasons the value may need to be adjusted are: excessive mileage, damage, and identification as of January 1 of that tax year.

Do I owe tax on my boat?

Yes, boats are assessed and taxed in a similar manner to vehicles, and are due by April 30th.

Are the boat and motor assessed separately?

The boat, motor, and trailer values may be assessed as a unit or separately.

I dock my boat at a marina in another county does this affect my taxes?

The tax rates are based on the location (situs) of the boat, so if the boat stays at a marina then the boat is subject to all property tax rates levied at that location as of January 1 of that tax year.

Who collects the taxes assessed on my motor vehicle or boat?

The County Clerk in your county has the responsibility of collecting taxes on motor vehicles and boats, and maintaining current addresses.

How are the taxes on my motor vehicle or boat used?

Approximately 65% of the property tax on motor vehicles and boats is returned to the local community, funding local taxing districts such as your local government, public schools, fire departments, ambulance services, and libraries. The remainder goes to the Kentucky General Fund.

Can I report someone that I know has been driving on out-of-state license plates for some time?

Kentucky law requires the registration of vehicles within 15 days from the date they are brought into Kentucky for use. To report someone abusing the system call 1-800-882-8990, write Freeroaders, Kentucky Department of Revenue, 501 High Street, Station

32, Frankfort, KY 40620 or use our website at www.freeroader.ky.gov. You need not identify yourself when calling or writing.

EXAMINATION FOR THE OFFICE OF PROPERTY VALUATION ADMINISTRATOR (PVA)

Why is the PVA Exam given?

Kentucky Revised Statute (KRS) 132.380 states that "before any person's name shall appear before the voters on election day as a candidate for the office of property valuation administrator . . . he shall hold a certificate issued by the department, showing that he has been examined by it and that he is qualified for the office."

KRS Link: http://www.lrc.ky.gov/KRS/132-00/380.PDF

When can I take the examination?

The statewide examination for the office of PVA is offered once every four years, in November the year before the election. In the event the office becomes vacant during the term, a special examination will be scheduled open only to residents of that county.

How will I find out about the exam?

KRS 132.380 requires the Department to issue a statewide press release 30 days prior to the examination announcing the time, date and location and post the announcement on the Department's website. Notices are no longer required to be posted in the county courthouse.

How do I prepare for the examination?

No "study guide" exists for the PVA qualifying examination; however, the following information should be of use to potential candidates in their preparation for this examination.

The PVA qualifying examination is an instrument designed to "test fairly the ability and fitness of the applicant to serve as property valuation administrator" (KRS 132.380). It is based on the skills necessary to perform the requirements of the job, including, but not limited to, general knowledge about real and personal property appraisal; real estate identification and description; personnel management; budgeting; agriculture; statistics; and government administration. These skills are examined through three means: vocabulary; reading comprehension; and mathematical questions. The material may be taken from mainstream assessment administration and appraisal literature, in addition to being based on normal situations encountered in PVA offices.

Candidates will **not** be expected to know procedural rules of the office of PVA, such as statutes, regulations, deadlines or policies. Technical jargon will be explained for the purpose of solving mathematical problems. This examination is designed at the level of a college entrance examination, so that a graduate of a Kentucky high school should possess the basic tools to pass it. The best preparation is a good night's sleep and breakfast prior to the examination, because there are no breaks given during the three and one half hour testing period.

Am I allowed to use a calculator?

Calculators will be provided. In order to give all candidates an equal advantage, only those calculators supplied by the department are allowed to be used during the PVA Exam.

Do I have to preregister for the examination?

No. Registration is conducted at the examination site.

Is there a fee to take the examination?

No. There is no charge for taking the examination

Do I need to bring anything to the examination?

You will need your driver's license or other photo identification. All testing materials (pencils, etc.) will be provided at the examination site.

How long do I have to complete the examination?

Candidates are allowed three and one half hours to complete the examination.

When do I find out if I passed the examination?

A list of persons passing the PVA exam will be posted on the Department of Revenue web-site (http://revenue.ky.gov) within three days of the exam. Each person taking the test will be personally notified of the results of the examination via mail within two weeks. A certificate of qualification will be issued to each passing candidate. This certificate must be shown to the county clerk by each candidate when filing for office. The Department of Revenue will notify the county clerks of all persons holding certificates in their counties. All certificates expire one year from the date of issuance.

What if I don't pass? Am I allowed to take the examination again?

KRS 132.380 states that, "if, after the giving of the examination...there is no person qualified to be a candidate in the county, the department shall hold a second examination prior to the filing date if necessary. Applicants from only those counties having no person qualified shall be eligible to take the examination." If a second exam is necessary, notice will be given fourteen days prior to this date in accordance with KRS 132.380.

If I was the only one from my county to pass the exam will I be PVA after the election?

No, the incumbent is still qualified to run.

Are there any other requirements for the position of Property Valuation Administrator?

Candidates must be 24 years old by the time they take office and must have resided in the state of Kentucky for two years and in the county in which they wish to hold office for one year prior to taking office.

What is a Property Valuation Administrator's salary?

The PVA's salary is established by statute (KRS 132.590) and varies by county. Like other locally elected county officials, it is based on population and increases with tenure.

KRS Link: http://www.lrc.ky.gov/KRS/132-00/590.PDF

TANGIBLE PERSONAL PROPERTY TAXES

What is Tangible Personal Property?

The broad definition of tangible personal property is that it is all property that cannot be considered to be real property. Specific examples include: furniture and fixtures; machinery and equipment; and inventories. The instructions for the Tangible Property Tax Return (Revenue Form 62A500) contain a comprehensive list of the various types of tangible personal property.

How do I report my Tangible Personal Property?

Revenue Form 62A500 and its related schedules are utilized to report the value of the various tangible property classes that are owned as of January 1 of each year. This return can be downloaded from the Department of Revenue's website at www.revenue.ky.gov. Once at the Department of Revenue's home page click "Property Tax" on the left hand of the page then scroll down to the section where you can download the property tax business forms.

Where do I file my Tangible Property Tax Return?

The tangible property tax return can be filed with the property valuation administrator of the county in which the property is located. The return may also be filed with the Department of Revenue at 501 High Street, 4th Floor, Station #32, Frankfort, KY 40620.

What is the deadline to file the Tangible Property Tax Return?

The tangible property tax return must be filed by May 15th of each year. There are no extensions granted for this return. Tangible property not reported by this deadline is considered omitted.

What property do I report on Schedule A Class I, II and III? What is the difference between Schedule A and Schedule B?

Schedule A Class I is for computers, printers, software and peripheral equipment.

Schedule A Class II is for data handling equipment such as typewriters, calculators, adding machines, copiers, duplicators and fax machines.

Schedule A Class III is for all other furniture, fixtures and equipment.

Schedule B lists machinery only that is actually engaged in manufacturing processes.

What are some examples of materials and supplies that are required to be reported on the Tangible Return?

Materials and supplies (Line 60) should include spare or replacement parts, office and professional supplies, mail and shipping supplies, selling and advertising supplies, janitorial and cleaning supplies, fuel and other consumable items (includes paper supplies). Line 60 also includes research libraries.

How do I amend a previously filed return? How long do I have?

A Tangible Personal Property Tax Return needs to be submitted with "AMENDED" written on the top for the year being amended, along with a written explanation of why the return is being amended and a copy of the fixed asset listing. If property has been sold or disposed of, Federal Form 4797 also needs to be submitted. The taxpayer has 2 years from the date of payment to file the amended return which would result in a refund and 5 years from the date it would have become omitted if additional property is being added. Please refer to KRS 132.290 for more information.

What happens when my Tangible Property Tax Return is filed late?

All tangible returns filed after the May 15th deadline are considered omitted and they are processed by the Department of Revenue. An omitted tax bill –with penalty and interest- will be prepared. The taxpayer has 45 days from the date the notice of tax due was prepared to pay it without incurring additional penalty and interest. Payment is made to the Kentucky State Treasurer and mailed to the Department of Revenue. If a payment plan is needed please contact the Division of Collections at 502-564-4921.

PUBLIC SERVICE COMPANY PROPERTY TAXES

Are towers owned by telecommunication companies (cellular & telephone) classified as real property or personal for property tax purposes?

Cell towers, shelters and huts owned by telecommunication companies are subject to ad valorem taxation as regular personal property (Schedule A, Class VI) and are to be reported centrally with the DOR on Revenue form 61A500.
Note: Telecommunication companies (cellular & telephone) are also required to provide each affected PVA office with a report of all owned and leased real estate.

Are towers owned by TV and Radio Stations subject to ad valorem taxation? How are they classified – real or personal property?

Yes, TV and Radio towers are subject to ad valorem taxation. Beginning January 1, 2009, TV and radio towers are classified as *telephonic* personal property (Schedule B, Class VI). The TV and Radio towers are to be reported locally to the PVA on Revenue form 62A500.

Are tower management companies required to file an annual personal property tax form?

Yes, tower management companies are required to file Revenue form 62A500 with the local PVA office annually. These companies must file a separate return for each tower location. The towers, shelters and huts are classified as *regular* personal property (Schedule A, Class VI).

Note: Tower management companies are also required to provide each affected PVA office with a report of all owned and leased real estate.

Are Distilled Spirits in bonded warehouses subject to ad valorem taxation?

Yes, spirit inventory held and aged in a bonded warehouse is subject to taxation as personal property on Revenue form 61A508.

Are commercial watercraft operating in, on and through the waterways of Kentucky subject to ad valorem taxation?

Yes, commercial watercraft (barges, tugs, push boats) operating on Kentucky waterways are subject to central taxation by the DOR. The watercraft are classified as personal property and subject to a weighted average local tax rate plus a full personal state rate.

Are commercial watercraft operators required to file their entire nationwide operating fleet on Revenue form 61A207?

Yes, the entire nationwide fleet of commercial watercraft (owned, leased, managed & chartered in) that the operator holds in possession as of January 1 are to be reported on the Kentucky property tax form 61A207.

COAL SEVERANCE TAX

What chapter of the Kentucky Revised Statutes (KRS) governs the administration of the coal severance tax?

KRS Chapter 143 addresses the coal severance tax. To view this chapter go to: www.lrc.ky.gov/KRS/143-00/Chapter.htm

To what address do I mail the Coal Severance Tax return?

Department of Revenue, Frankfort KY 40619-0001.

Do I need to submit a return if I have no activity for the month?

Yes. The due date is the 20th of the following month. If there's no activity to report, check Box 6 on the return, sign and date the back.

Are coal severance taxpayers able to file and pay online?

Yes, coal severance taxpayers are able to file and/or pay online. To do so, please complete Form 10A106(Appointment of Taxpayer Administrator and Authorized Users for Kentucky Online Tax) and fax it to the Registration number listed on that application.

Where are the instructions for filling out the return?

http://www.revenue.ky.gov/forms/curyrfrms.htm under the Coal Severance Tax link.

Do I need a coal account number and how do I get one?

If you are mining and selling coal, or if you have hired a contract company to mine coal for you, or you are purchasing and processing coal for resale, you need a coal account number. The Kentucky Registration Application 10A100 is available on the Revenue website. Along with the coal account number, Kentucky law requires that a sales and use tax number also be assigned to the company and this will be done automatically when the application is processed.

How do I cancel my coal tax account?

There is a cancellation section in the instructions to fill out, detach and mail in with the final return.

Is my company processing or brokering?

Processing is defined in KRS 143.010 (8). Brokers set up the transaction between two companies and never take possession of, or have responsibility for the coal.

Do I qualify for a thin seam credit?

The initial qualifications for the credit are that the mine for which the credit is being taken must be a deep, underground mine, and must be newly permitted after July 1, 2000.

What transportation costs can be included in the deduction?

Transportation expenses included amounts paid by the taxpayer to a third party for transporting coal from the mine mouth or pit to a processing plant, tipple or loading dock. Transportation expenses may also include the expenses incurred by the taxpayer using his own facilities in transporting coal from the mine mouth or pit to a processing plant, tipple or loading dock. See KRS 143.010(11) for more information.

Who needs to fill out the Seller/Purchaser Certificate?

The purchaser must fill this out to send in with the return, but it must also be signed by the seller.

What is the Seller Certificate ID #?

This number is a secondary number, other than the account number, which has been assigned to all companies. It is to be used as the identification number on Part III, Schedule of Coal Sales and Part IV, Schedule of Purchased Coal. It will also be used on the Seller/Purchaser Certificate to identify both parties, the Seller, and the Purchaser.

Is the clean up of slurry, sludge, coal fines and such considered processing?

Yes, and the sales from such must be reported and the tax must be paid.